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C O N F I D E N T I A L SECTION 01 OF 02 WELLINGTON 001040

SIPDIS

DEPT FOR EAP/ANP

E.O. 12958: DECL: 12/14/2014

TAGS: [PGOV](#) [NZ](#) [PBIO](#)

SUBJECT: NEW ZEALAND CABINET RESHUFFLE: FIRST UP,
CONTROVERSIAL CHOICE FOR SPEAKER

Classified By: POLITICAL AND ECONOMIC COUNSELOR KATHERINE HADDA,
FOR REASONS 1.4(B,D)

1. (U) Summary: The Labour Government took its first steps in a long-heralded Cabinet reshuffle, with the December 14 nomination of current Attorney-General Margaret Wilson for the position of Speaker of the House. The Speaker is the third highest office in the country and, while the role is non-partisan, Speakers do maintain links to their nominating party. Wilson's selection came as a surprise as Defense Minister Mark Burton had long been tipped as the front-runner, and Opposition parties had informally approved of the choice. The switch to party-ideologue Wilson has inflamed opposition parties, who argue that she lacks the necessary experience for the job. However, her confirmation is likely, and has now raised interest among Labour MPs as to who will take over her three portfolios: as Attorney General, Treaty of Waitangi Negotiations Minister and Commerce Minister. With very few Ministerial portfolios deemed secure, the full reshuffle (expected within the next week) has sparked intense lobbying and speculation. End summary.

Opposition Inflamed

2. (U) The Labour Government took its first steps in a long-awaited Cabinet reshuffle, with the December 14 nomination of current Attorney-General Margaret Wilson for the position of Speaker of the House. Under Labour's system of nomination, the full caucus votes on who is allowed into Parliament, but decisions on the distribution of portfolios are made by PM Clark. Wilson's selection came as a surprise as Defense Minister Mark Burton had long been tipped as the front-runner, and Opposition parties had informally approved of the choice. Opposition National Deputy Leader Gerry Brownlee savaged Wilson's selection, noting that "respect is earned, but granted by appointment." ACT MP Richard Prebble categorized the nomination as part of "Helen Clark's gender-promoting strategy," and NZ First leader Winston Peters carped that his party had not been consulted. Despite these objections, Wilson is likely to be confirmed with a solid majority, as both the United Future and Green parties have agreed to support Labour and the Progressives.

Role of the Speaker

3. (U) The Speaker of the House is the highest office in the House, and third in the country, after the Governor General and the PM. While the role is non-partisan, and the Speaker may not display favor for one party over another, Speakers do maintain links to their nominating party. In addition to these roles within Parliament, the Speaker presides over select committees including the Business Committee, the Officers of Parliament Committee and the Standing Orders Committee. The Speaker also has statutory responsibilities for the Controller and Auditor General, the Ombudsman and the Parliamentary Commissioner for the Environment. Current Speaker Jonathan Hunt will be departing the post in March to become High Commissioner to London. Under NZ's Mixed-Member Proportional system, he will be replaced in Parliament by the next on the Labour Party list, Lesley Soper, Labour Party Women's Vice President.

Wilson's Labour Credentials

4. (U) Wilson was President of the Labour Party from 1984 - 1987, and is widely seen as one of the more uncompromising MPs over NZ's anti-nuclear legislation. Wilson was then chief advisor to Labour PM Sir Geoffrey Palmer, and following that dean and professor of law at Waikato University. She was elected to Parliament in 1999, and the Opposition has pointed out her lack of experience in Opposition in condemning her nomination. Wilson has dismissed this concern noting that she is efficient and organized, and will be able to learn "on the job." Earlier in the year Wilson had publicly spoken of a desire to leave Parliament and return to academia, but was convinced by the caucus to stay.

Is there a lawyer in the house?

15. (U) Wilson's nomination has not only set the Opposition boiling, but has raised interest among Labour MPs as to who will take over her three portfolios, as Attorney General, Treaty of Waitangi Negotiations Minister and Commerce Minister. The Attorney General is the senior law officer of the Crown as well as having responsibility for the Crown Law Office, the Serious Fraud Office and the Parliamentary Counsel Office. This combination requires the incumbent to combine the obligation to act in a non-partisan matter on some issues with the political partisanship of being a Minister. Speculation on her replacement is rife, as a lawyer has traditionally held the role of Attorney General, but Labour has only 5 lawyers. These include two first-term MPs plus disgraced Ministers John Tamihere and Lianne Dalziel. Michael Cullen and Phil Goff (who is not a lawyer) are considered the most likely candidates for the post, but this would require either of the men to give up another portfolio.

Comment:

16. (C) Although unexpected, Wilson has publicly expressed dissatisfaction with her portfolios, and is not seen as widely supported by business. Clark's decision to move her from active portfolios to the Speaker's job is likely a plum offered as an enticement for Wilson to remain in Parliament through the next election. Wilson's nomination has throw Parliament and the media into a frenzy, as previously "safe" portfolios are now open to reexamination and possible redistribution. In terms of personal politics, Wilson is widely seen as one of the more uncompromising MPs over NZ's anti-nuclear legislation, as she was integral in its passage. Her confirmation as Speaker means she will no longer attend Cabinet meetings, removing a strong anti-nuclear voice from the fray. However, she and Helen Clark are very close personal friends, and she undoubtedly has the ear of the PM.

17. (C) Wilson's move comes among intense speculation that other, unrelated Cabinet shuffles are in the works, to be announced within the week. According to Parliamentary insiders, the PM has reportedly said that only the Finance and Foreign Affairs portfolios "need stability" and will not change. While their portfolios may not change drastically, the competition among ministers to prove their worth has intensified. Stay tuned.
Swindells